

Message Text

UNCLASSIFIED

PAGE 01 BANGKO 13586 01 OF 02 301207Z

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ACTION EA-14

INFO OCT-01 ADP-00 RSR-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 IO-13 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20

/179 W

----- 095377

R 301023Z AUG 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6166

INFO CINCPAC

USSAG NKP

13TH ADVON UDON

UNCLAS SECTION 1 OF 2 BANGKOK 13586

E.O. 11652: N/A

TAGS: PFOR, MARR, TH

SUBJ: PRIME MINISTER THANOM ON THE EFFECTS OF A U.S. WITHDRAWAL

CINCPAC FOR POLAD

REF : BANGKOK 13507

1. SUMMARY: PRIME MINISTER THANOM KITTIKACHORN IN HIS AUGUST 29 NEWS CONFERENCE GAVE A HIGHLY DETAILED DESCRIPTION OF THE ECONOMIC PROBLEMS TO BE FACED UPON THE WITHDRAWAL OF U.S. FORCES, AND OF RTG POLICIES TO AMELIORATE THE EXPECTED ECONOMIC SLUMP. HE SAID THAT THAILAND'S BALANCE OF PAYMENTS, RATE OF ECONOMIC GROWTH, AND RATE OF UNEMPLOYMENT WILL BE THE THREE AREAS MOST AFFECTED BY THE AMERICAN WITHDRAWAL. THE PRIME MINISTER SAID THAT THE THIRD NATIONAL ECONOMIC PLAN WAS DRAWN UP ASSUMING A U.S. WITHDRAWAL. THAILAND INTENDS TO ACCELERATE AGRICULTURAL PRODUCTION, STIMULATE INDUSTRIAL

UNCLASSIFIED

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PAGE 02 BANGKO 13586 01 OF 02 301207Z

PROMOTION, AND PAY PARTICULAR ATTENTION TO THE ECONOMIC

NEEDS OF THE FOUR BASE TOWNS IN THE NORTHEAST. IN SUPPORT OF THESE PLANS THE RTG INTENDS TO ASK THE USG NOT ONLY TO WITHDRAW ITS FORCES GRADUALLY BUT ALSO TO INCREASE ITS ECONOMIC ASSISTANCE TO COUNTER THE EXPECTED SLUMP. END SUMMARY.

2. FOLLOWING ARE EXCERPTS FROM THE PRIME MINISTER'S NEWS CONFERENCE. BEGIN EXCERPTS.

THE NEXT QUESTION IS PUT BY KHUN VIPHA OF "BAN MUANG". SHE ASKS WHAT ECONOMIC REPERCUSSIONS WILL BE CAUSED BY THE WITHDRAWAL OF AMERICAN MILITARY FORCES AND WHAT MEASURES ARE BEING TAKEN TO REMEDY THEM.

REPERCUSSIONS ON ECONOMY CAUSED BY THE WITHDRAWAL OF AMERICAN MILITARY FORCES FROM THAILAND WILL BE IN THREE WAYS. FIRST, REPERCUSSIONS WILL BE CAUSED ON BALANCE OF PAYMENTS AND ON THE LEVEL OF CURRENCY RESERVES. THE WITHDRAWAL OF AMERICAN MILITARY FORCES WILL AFFECT REVENUE, REDUCING REVENUE IN THE FORM OF FOREIGN CURRENCY THAT IS OBTAINED FROM MONEY SPENT BY SERVICEMEN, FROM COST OF CONSTRUCTION, FROM TRANSPORTATION OF EQUIPMENT AND OF OIL, AND MONEY FOR THE UPKEEP OF BASES WILL BE REDUCED. FROM ANOTHER ANGLE, THE REDUCED BRINGING IN OF GOODS FOR MILITARY ACTIVITIES WILL COVER THE REDUCED REVENUE TO SOME EXTENT. SECOND, REPERCUSSIONS WILL BE CAUSED ON THE INCREASED INCOME IN SKILLED LABOR. AMERICAN MILITARY EXPENDITURE IN THE PAST HAS PLAYED A PART IN HELPING EXPAND ECONOMY IN VARIOUS BRANCHES, ESPECIALLY IN CONTRUCTION WORK AND IN VARIOUS SERVICES. THEREFORE, THE WITHDRAWAL OF AMERICAN MILITARY FORCES WILL HAVE SOME REPERCUSSIONS ON EXPANSION OF ECONOMY. BUT SHOULD THE BASIC PRICES OF AGRICULTURAL PRODUCTS, WHICH ARE THE MAIN SOURCE OF REVENUE OF OUR COUNTRY, BE INCREASED TO A HIGHER LEVEL THAN THE REPERCUSSIONS CAUSED ON THE INCOME OF THE PEOPLE BY THE WITHDRAWAL OF AMERICAN MILITARY FORCES SHOULD NOT BE VERY SEROUS. THIRD, REPERCUSSIONS WILL BE CAUSED ON THE EXTENT OF EMPLOYMENT AND WORK PROVIDED. SINCE THE TIME WHEN THE U.S. CAME AND SET UP BASES IN THAILAND

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BANGKO 13586 01 OF 02 301207Z

MANPOWER THAT HAS FLOWED INTO BASES AND PROVINCIAL TOWNS OF THE NORTHEAST REGION HAS INCREASED TO A MUCH GREATER EXTENT THAN IN THE PAST. IT IS ESTIMATED THAT IN 1973 THERE ARE ABOUT 80,000 - 1000,000 PERSONS EMPLOYED IN WORK CONCERNED WITH AMERICAN MILITARY ACTIVITIES, BOTH DIRECTLY AND INDIRECTLY. THEREFORE, SHOULD AMERICAN MILITARY FORCES BE WITHDRAWN SPEEDILY THE PROBLEM OF UNEMPLOYMENT WOULD BE FACED. PERSONS WHO HAVE COME TO

WORK IN AMERICAN BASES CAN BE DIVIDED INTO TWO CATEGORIES.
THE FIRST IS PERSONS WHO WERE FORMERLY AGRICULTURISTS
AND WHO ABANDONED THEIR FIELDS AND PLANTATIONS. WHEN THEY
ARE UNEMPLOYED THEY COULD RETURN TO THEIR ORIGINAL AGRICUL-
TURAL OCCUPATIONS. THE OTHER CATEGORY IS COMPOSED
OF MANPOWER WHO ARE NOT INHABITANTS OF RURAL AREAS BUT
WHO WENT TO WORK FOR AND WERE ENGAGED IN VARIOUS
ACTIVITIES CONCERNED WITH AMERICAN MILITARY FORCES.
WHEN THESE PERSONS ARE UNEMPLOYED THEY WILL HAVE TO
FIND NEW WORK, WHICH WILL NOT BE AT ALL EASY.

THE GOVERNMENT REALIZED WELL BEFOREHAND THE ECONOMIC
PROBLEMS THAT WOULD BE FACED AFTER THE WITHDRAWAL OF
AMERICAN MILITARY FORCES, THEREFORE, IT DRAFTED PLANS
TO REMEDY THEM. WHEN OUR 3RD NATIONAL ECONOMIC
DEVELOPMENT PLAN WAS BEING DRAFTED IT WAS SPECULATED
THAT REVENUE WOULD BE CONSIDERABLY REDUCED DUE TO THE
WITHDRAWAL OF AMERICAN MILITARY FORCES AND DURING
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PAGE 01 BANGKO 13586 02 OF 02 301205Z

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

RSR-01 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 IO-13 AGR-20

/179 W

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TO SECSTATE WASHDC 6167

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USSAG NKP

13TH ADVON UDON

UNCLAS SECTION 2 OF 2 BANGKOK 13586

THE IMPLEMENTATION OF THIS PLAN. THEREFORE MEASURES WERE DRAFTED TO INCREASE NATIONAL REVENUE FROM VARIOUS OTHER SOURCES IN ORDER TO REPLACE REVENUE OBTAINED FROM AMERICAN MILITARY EXPENDITURE. IN ADDITION, EFFORTS WERE MADE TO OBTAIN INCREASED FOREIGN ECONOMIC AID BY DRAFTING VARIOUS PROJECTS BEFOREHAND, WHICH WOULD RESULT IN OBTAINING VARIOUS FORMS OF FOREIGN AID TO A LARGE EXTENT AND MORE SPEEDILY.

THE GOVERNMENT HAS ALSO CONCENTRATED ON REMEDYING PROBLEMS THAT WOULD BE FACED BY OTHER METHODS. (1) THE GOVERNMENT WILL ENDEAVOR FOR THE WITHDRAWAL OF AMERICAN MILITARY FORCES TO BE CARRIED BY GRADUAL STAGES IN ORDER TO HAVE SUFFICIENT TIME TO STUDY POLITICAL DEVELOPMENTS IN THE SITUATION, AS WELL AS FOR THE SECURITY OF THAILAND. IT WILL GIVE US TIME ALSO TO CONCENTRATE ON INCREASING NATIONAL REVENUE AND TO PROVIDE INCREASED WORK FOR MANPOWER THAT WILL BECOME UNEMPLOYED DUE TO THE WITHDRAWAL OF AMERICAN MILITARY FORCES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BANGKO 13586 02 OF 02 301205Z

(2) WE WILL CARRY OUT PROJECTS TO ACCELERATE INCREASE OF AGRICULTURAL PRODUCTS IN ORDER TO CREATE A STABLE BASIS FOR OUR ECONOMY. (3) WE WILL SPEED UP PROMOTION OF INDUSTRY BY THE SETTING UP OF INDUSTRIAL ZONES AND WE WILL ENCOURAGE AND SUPPORT THE SETTING UP OF INDUSTRIES IN THE PROVINCES, ESPECIALLY IN AREAS WHERE AMERICAN BASES ARE SITUATED. WE WILL ENDEAVOR TO SUPPORT INDUSTRIES THAT EMPLOY MANPOWER IN A LARGE NUMBER AND INDUSTRIES THAT USE AGRICULTURAL PRODUCTS AS RAW MATERIAL. (4) WE WILL CONCENTRATE ON THE TASK OF DEVELOPMENT OF TOWNS UNDER THE PROJECT DRAFTED BY THE OFFICE OF THE NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT COUNCIL, WITH THE SUPPORT AND COOPERATION OF THE WORLD BANK. THIS PROJECT IS BEING SUPPORTED FOR IMPLEMENTATION IN FOUR PROVINCES FIRST--UBON RATCHATHANI, UDON THANI, KHOEN KAEN, AND NAKHON RATCHASIMA.

THE OBJECTIVE OF THIS PROJECT IS TO DEVELOP PROVINCIAL TOWNS AND ENSURE THAT THEY POSSESS ECONOMIC CHARACTERISTICS IN FULL AND THAT THEY COORDINATE, SUCH AS IN REGARD TO COMMUNICATIONS AND TRANSPORTATION, PUBLIC UTILITIES, ENERGY AND INDUSTRY, AS WELL AS EDUCATION AND PUBLIC HEALTH. IT IS EXPECTED THAT THE ACCELERATED IMPLEMENTATION OF THIS PROJECT WILL ENABLE IT TO PROVIDE WORK FOR PERSONS WHO ARE UNEMPLOYED DUE TO THE WITHDRAWAL OF AMERICAN MILITARY FORCES TO A FAIRLY SATISFACTORY EXTENT DURING THE FIRST STAGE. AT A LATER STAGE, WHEN THIS PROJECT IS COMPLETED, IT WILL ENABLE THESE PROVINCIAL TOWNS TO BECOME TOWNS POSSESSING ECONOMIC

STABILITY. (5) A SPECIAL PROJECT WILL BE DRAFTED FOR WHICH AID WILL BE REQUESTED FROM THE AMERICAN GOVERNMENT IN ORDER TO DEVELOP AREAS THAT WERE THE SITES OF AMERICAN BASES, AND THIS PROJECT WILL CORRDINATE WITH OUR 3RD NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT PLAN. THESE ARE PREPARATIONS THE GOVERNMENT HAS MADE TO REMEDY PROBLEMS THAT WILL BE FACED AS A RESULT OF THE WITHDRAWAL OF AMERICAN MILITARY FORCES. END EXCERPTS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNEMPLOYMENT, ECONOMIC RECOVERY, MILITARY BASE CLOSINGS, TROOP REDUCTIONS, BALANCE OF PAYMENTS TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BANGKO13586
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973087/aaaaaena.tel
Line Count: 232
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: BANGKOK 13507
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 30 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jan-2002 by elbezefj>; APPROVED <06-Feb-2002 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIME MINISTER THANOM ON THE EFFECTS OF A U.S. WITHDRAWAL CINCPAC FOR POLAD
TAGS: PFOR, MARR, TH, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005